

Message Text

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PAGE 01 NDJAME 01962 291409Z

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 OPR-02 AGR-10 CEA-01 CIAE-00

COME-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04 TAR-01

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UNCLAS NDJAMENA 1962

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TAGS: EIND, EFIN, CD

SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: STATE 165596

CHAD

PRIVATE DIRECT INVESTMENT (DOLS MILLIONS):

1. US DIRECT INVESTMENT STATISTICS - 1974

BOOK	INTEREST,
VALUE AT NET REIN-	DIVIDENDS,
END OF CAPITAL VESTED	AND BRANCH
1974 OUTFLOW EARNINGS	EARNINGS EARNINGS
TOTAL, ALL	
INDUSTRIES 14.2	UNKNOWN UNKNOWN UNKNOWN
MINING &	
SMELTING NIL	
PETROLEUM 14.0	
MANUFAC-	
TURING 0.1	
OTHER IN-	
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PAGE 02 NDJAME 01962 291409Z

DUSTRIES 0.1

SOURCE: POST ESTIMATE

2. DIRECT INVESTMENT IN THE US BY FOREIGNERS - 1974 NIL

SBOOK VALUE AT YEAR END: NIL

SOURCE: POST ESTIMATE

3. DIRECT INVESTMENT BY ALL COUNTRIES - 1974

BOOK VALUE AT YEAR END

A. TOTAL, INCLUDING US 42.0

B. OTHER COUNTRIES

1) FRANCE 23.0

SOURCE: POST ESTIMATE

CHAD

THE CHADIAN GOVERNMENT WELCOMES FOREIGN PRIVATE DIRECT INVESTMENT, HAVING TAKEN NO STEPS SINCE THE COUP OF APRIL 13, 1975, TO CHANGE THE GOOD INVESTMENT CLIMATE. THE LIBERAL CHADIAN INVESTMENT CODE OF 1963 WAS FOLLOWED BY A CHADIAN-US INVESTMENT GUARANTY AGREEMENT IN 1965. ONE AMERICAN INVESTOR RECEIVED OPIC COVERAGE IN 1974, AND ANOTHER CONCERN HAS TWO APPLICATIONS PENDING.

THE GOVERNMENT IS WILLING TO OFFER LIBERAL TAX AND CUSTOMS CONCESSIONS TO PRIVATE INVESTORS. CORPORATE INCOME TAX RATES VARY FROM 45 PERCENT TO 50 PERCENT OF NET PROFIT. NEW COMPANIES ARE ELIGIBLE FOR A FIVE-YEAR INCOME TAX EXEMPTION. PRIMARY MATERIALS ARE IMPORTED DUTY-FREE AND A SINGLE TAX (TAXE UNIQUE) IS PAID ON LOCAL SALES INSTEAD OF A NORMAL SALES TAX. THE RATE OF THE TAXE UNIQUE IS NEGOTIATED. PROCESSING AND MANUFACTURING COMPANIES CAN APPLY FOR REDUCED CUSTOMS RATES ON THE IMPORTATION OF MACHINERY. EXPORT TAXES RANGE FROM 6 PERCENT UPWARD. BUSINESS LICENSE FEES VARY ACCORDING TO THE SIZE OF THE ENTERPRISE. NEW COMPANIES CAN APPLY FOR A FIVE-YEAR EXEMPTION. THE GOVERNMENT OF CHAD HAS PLACED FEW RESTRICTIONS ON THE EMPLOYMENT OF NON-AFRICAN EXPATRIATE PERSONNEL BY FOREIGN-OWNED COMPANIES. HOWEVER, IN RECENT YEARS THE GOVERNMENT HAS GENERALLY REFUSED TO ALLOW NON-CHADIAN AFRICANS TO ACCEPT NEW POSITIONS WITH FOREIGN-OWNED COMPANIES. MOST OF CHAD'S INDUSTRY AND ALL THE MAJOR IMPORT HOUSES ARE FOREIGN OWNED, PRIMARILY BY FRENCH INTERESTS. THE ONLY DIRECT AMERICAN FOREIGN INVESTMENTS TO DATE HAVE BEEN (1) PETROLEUM EXPLORATION BY THE CONTINENTAL OIL COMPANY OF CHAD (50 PERCENT UNCLASSIFIED

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PAGE 03 NDJAME 01962 291409Z

US OWNED), GASOLINE DISTRIBUTION BY TEXACO, ESSO, AND MOBIL, (2) THE PURCHASE BY THE FIRST NATIONAL CITY BANK OF 49 PERCENT OF THE STOCK OF THE BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE (BIAO) WHICH HAS A BRANCH IN NDJAMENA, (3) A SMALL BUT PROMISING VENTURE IN GUM ARABIC PRODUCTION, AND (4) A NEW ENTERPRISE IN THE EXPORT OF BEEF AND HIDES. AMERICAN INTERESTS ARE PLANNING A CATTLE FEED-LOT OPERATION AND A SAFARI SERVICE FOR HUNTERS.DWYER

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